

Arizona Department of Public Safety

FY 2007 Decision Packages



Summary – The following issues represent the Arizona Department of Public Safety's requests for funding adjustments for FY 2007. In total, the Department is requesting an appropriated budget increase of \$21,736,400, or 11.8%. Individual decision packages are summarized here, but additional information may be found behind the associated decision package schedules.

Sworn Pay – Based on an August 2005 survey, the average salary of a sworn DPS employee is 11.0% behind the market (defined as the average of the five highest salaries paid by county and local law enforcement agencies in Arizona). By July 2006, the average sworn DPS employee is projected to be 14.4% behind market. If not addressed, this situation will exacerbate the Department's current challenges with recruitment and retention.

DPS currently ranks no better than 19th in senior officer pay statewide, behind such agencies as the Avondale Police Department, the Tolleson Police Department, and the Sierra Vista Police Department. Among the 15 agencies with over 100 sworn employees, DPS ranks 10th in senior officer pay. Together, the 15 largest agencies represent over 79% of all sworn personnel in the State.

Maximum Officer Salaries of Agencies with over 100 Sworn Employees

| <u>Pay Rank</u> | <u>Agency</u> | <u>Salary</u> | <u># of Sworn</u> |
|-----------------|---------------|-----------------|-------------------|
| 1 | Scottsdale | \$65,228 | 367 |
| 2 | Glendale | \$62,248 | 331 |
| 3 | Peoria | \$60,341 | 141 |
| 4 | Gilbert | \$60,120 | 143 |
| 5 | Tempe | \$59,844 | 341 |
| 6 | Chandler | \$59,553 | 294 |
| 7 | Mesa | \$58,926 | 795 |
| 8 | Phoenix | \$58,531 | 2,859 |
| 9 | Yuma | \$56,671 | 143 |
| 10 | DPS | \$56,410 | 1,133 |
| 11 | Tucson | \$55,474 | 951 |
| 12 | Maricopa Cty. | \$54,350 | 699 |
| 13 | Pima Cty. | \$53,851 | 465 |
| 14 | Pinal Cty. | \$53,307 | 159 |
| 15 | Yavapai Cty. | \$52,697 | 112 |

Notes: Salary data from August 2005 survey; # of sworn from "Crime in Arizona, 2003."

The Department requests continued funding of the Executive's multi-year Sworn Salary Adjustment plan to improve DPS sworn salaries. For FY 2006, DPS received \$4,261,200 for sworn salary adjustments. This amount enabled the Department to increase salaries an average of 7.1% and brought pay levels to 11.0% behind market. The requested FY 2007 amount is \$3,000,000, which would equate to an average pay increase of 3.5%.

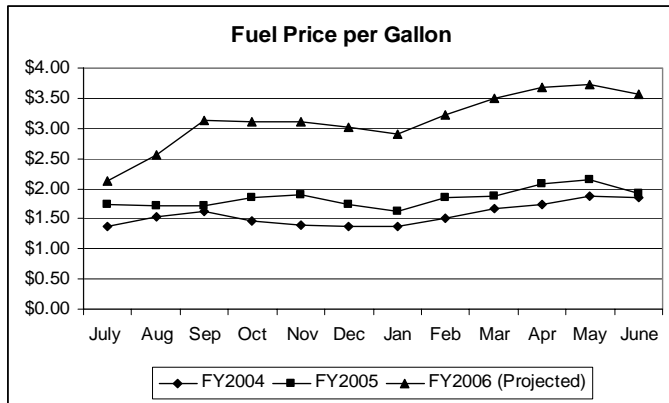
Safety Equipment – Laws 2005, Chapter 307 established new assessments for persons convicted of operating vehicles, aircraft, and motorized boats while intoxicated. The monies are deposited to the General Fund and are available for appropriation to DPS for the purchase of "protective body armor," "electronic stun devices," and "other safety equipment."

The Department is finalizing its FY 2006 purchasing plan and its FY 2007 request by seeking input from our employee associations. We should be in a position to share detailed information on our plans with the Executive and Legislative budget offices in early October. As presented, the FY 2007 request envisions a continuation of the \$3 million FY 2006 appropriation.

Fuel Budget Deficit – The Department has not received funding increases for some of its core operating expenditures in over 15 years. In order to cover rising costs, we have been forced to redirect monies from other purposes such as payroll. This has had a profound impact on the Department's ability to provide services.

In FY 2005, the Department was forced to absorb a deficit of \$1,306,000 in its motor vehicle fuel budget. This was the largest fuel budget deficit in the Department's history, but it was by no means the first. For FY 2006, we are projecting a fuel budget deficit of \$2,973,000 based on the current cost of fuel and normal seasonal fluctuations. Any unexpected increase in the price of fuel will only increase this deficit. The long-term outlook for fuel prices is not optimistic.

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DPS requests an increase of \$2,973,000 in FY 2007 to cover this essential operating cost.

Sex Offender Compliance/Absconders – DPS requests an increase of \$704,500 and 8 FTE Positions from the General Fund and a decrease of \$355,500 and 5 FTE Positions from the Sex Offender Monitoring Fund to pay for the cost of maintaining the sex offender website, conducting mandated address verifications, and tracking down sex offenders who fail to register as required by law.

DPS is appropriated \$355,500 from the Sex Offender Monitoring Fund in FY 2006 for a portion of the costs associated with maintaining the website and verifying addresses; however, fund revenues are very unlikely to support this appropriation. In FY 2005, revenues to the fund totaled \$64,700, only \$500 of which came from the new revenue source established by Laws 2004, Chapter 142. DPS also has an appropriation of \$250,000 and 2 FTE Positions from the Highway Patrol Fund for this function.

The process of verifying convicted sex offender addresses and posting them to the website is too important to risk not being funded. In order to ensure necessary resources are provided, DPS recommends Omnibus Reconciliation Bill (ORB) language to redirect any proceeds from the Chapter 142 fines to the General Fund and a direct appropriation of \$355,500 from the General Fund to DPS for this purpose.

In addition, DPS requests \$349,000 from the General Fund for 2 detectives and 1 criminal intelligence analyst

to identify and track fugitive sex offenders who have failed to register. Currently, there is no permanent state-wide effort to track fugitive sex offenders. Local law enforcement agencies are authorized to arrest these fugitives but they don't have the jurisdiction to track them state-wide. DPS believes that this is a function that the Department can best provide.

Records Management System – Because DPS has never had a central records database, various areas in the Department have developed their own systems. These unconnected databases force officers and other employees to enter the same information repeatedly and are, therefore, inefficient. A single, integrated system would allow employees to enter data only once, yet make it available in multiple formats and databases as needed.

DPS requests \$2,976,100 and 3 FTE Positions in FY 2007 to begin to implement a comprehensive records management system. Because of the scope of the project, the system would not be fully operational until FY 2008. In that year, we anticipate needing another \$2,100,000 to complete the system. Annual operating costs beyond FY 2008 would be approximately \$1,000,000.

The Department requested \$352,600 in FY 2006 to research and design the system but it was not funded. Instead, the Department has allocated RICO monies to design the project; however, RICO is not a suitable funding source for the implementation and maintenance of the system since records management is a core law enforcement need and RICO revenues are inherently unstable.

Contact Tracking System – Until recently, the Department had no system to collect the results of its public contacts (traffic citations, warnings, repair orders, field interrogations). This prevented the Department from using this valuable data to efficiently deploy its resources.

With the help of a grant from the Governor's Office of Highway Safety (GOHS), DPS has implemented a system wherein contact forms are scanned into a computer and are available for analysis. The GOHS grant expires at the end of FY 2006 and is not eligible for renewal. DPS is requesting \$81,200 and 2 FTE Positions to replace this funding to maintain this invaluable system.

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DPS Support Staff – The Department requests \$416,700 and 5 FTE Positions to provide needed administrative support to operational units. The requested positions include a Procurement Manager, a Human Resource Analyst, a Personal Computer Specialist, a Systems Software Analyst, and a Computer Program Analyst.

Since FY 1998, the Department has received funding for a net increase of 198 new officer positions and 31 new criminalist positions without adequate support staff. In the absence of proper administrative support, officers and other line employees must spend more time on administrative tasks and their safety and productivity may also suffer due to the inability to hire adequate staff, procure necessary equipment, or maintain valuable computer systems. Funding for these 5 positions along with the requested support positions in the Highway Patrol Staffing budget issue would begin to rectify this situation.

Support for Criminal Justice Agencies – One of the Department's primary mandates is to provide criminal justice information to all law enforcement agencies in the State. As the volume of information has grown, DPS staffing has not kept pace. The Department requests \$433,800 and 6 FTE Positions as part of a 4-year plan to rectify this situation.

| Position | Number |
|-------------------------------------|----------|
| Fingerprint Technician | 1 |
| ACJIS Compliance Specialist | 1 |
| Criminal History Records Specialist | 3 |
| Computer Program Analyst | 1 |
| TOTAL | 6 |

Over the last 10 years, the number of requests for criminal records, alone, has increased 86.5% from 1,329,359 requests in FY 1994 to 2,478,826 in FY 2004. During this time, the Criminal History Records Section has received no increases in staffing.

Crime Lab Personnel – Overall submissions to the Department's Scientific Analysis Bureau (crime labs) increased by 69.8% between FY 1999 and FY 2005. During this time, staffing has grown by only 20.8%. The

growth in submissions has been most pronounced in the Southern Regional Crime Lab (Tucson), where submissions have increased by a staggering 313.1% in six years. The western lab (Lake Havasu) has also seen dramatic growth of 78.2%, while the northern lab (Flagstaff) and the central lab (Phoenix) have seen significant growth rates of 49.8% and 32.7%, respectively.

Submissions by Crime Lab

| | FY 1999 | FY 2005 | % Change |
|---------------|---------------|---------------|--------------|
| Central | 18,432 | 24,456 | 32.7% |
| Southern | 3,032 | 12,525 | 313.1% |
| Northern | 3,525 | 5,279 | 49.8% |
| Western | 2,052 | 3,656 | 78.2% |
| TOTALS | 27,041 | 45,916 | 69.8% |

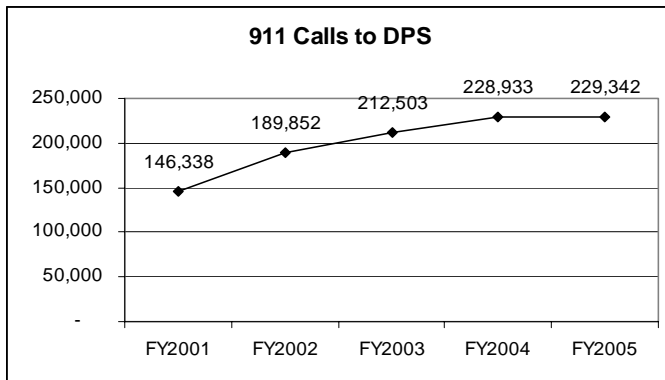
The Department requests \$892,100 and 11 FTE Positions in FY 2007 to address the dramatic growth in submissions. The total requested increase in FTE Positions only equates to about 9% despite the fact that we anticipate submissions will continue to grow at an annual rate of 9% or better. One reason for the modest request is that it would be very challenging to recruit, hire, and train more than 11 new criminalists in each year. Another reason is that we need more space to house additional staff, particularly in the Tucson lab.

The construction of a new Tucson crime lab is the Department's number one Capital Improvement Plan (CIP) request. The current lab is part of converted warehouse space that comprises DPS' headquarters for operations in Southern Arizona. The lab is inadequate for the current staffing levels, much less for the expanded levels that are desperately needed.

A new lab has already been designed, and we are awaiting construction funding. Construction cost estimates are \$14,000,000. (Please see the CIP for further details.)

911 Call Takers – Historically, DPS dispatchers have both answered telephone calls and handled radio traffic. However, 911 calls have risen to such a level that the Department now requires dedicated call takers. In the last four years alone, the number of 911 calls has increase 56.7%.

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DPS' three dispatch centers are staffed well below what is needed to provide adequate coverage for both radio dispatching and 911 calls. As a secondary answering point for 911, DPS receives transfer calls from other agencies (primary answering points). When DPS is unable to answer the 911 calls without delay it causes a burden on the primary answering points and jeopardizes public safety.

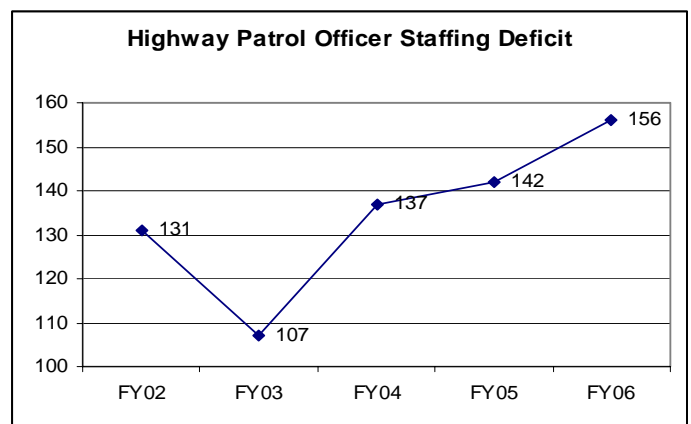
The Department has calculated a need for 36 call taker positions and currently has 4 funded. The FY 2007 request for \$157,000 and 4 FTE Positions is part of a 4-year plan to acquire funding to hire 16 additional call takers.

Highway Patrol Staffing – DPS requests \$5,441,500 to fill 47 existing (but unfunded) FTE Positions to meet the public's highway safety needs. The Patrol's staffing deficit is actually much greater than the request would indicate; however, the Department is attempting to address the Highway Patrol's resource needs through a combination of additional personnel and technology enhancements (see Records Management System and Mobile Data Computers budget issues).

The Department utilizes the Police Allocation Model (PAM) to determine the Highway Patrol's minimum staffing levels. The model was developed by the Northwestern University Traffic Institute and is used by many state law enforcement agencies. PAM is a reactive model that uses historical data to determine Highway Patrol officer staffing needs. The data used in this model reflect service demands for a 3-year period and the most recently available average daily traffic counts (ADT) from the Arizona Department of Transportation. Using

historical data provides a conservative approach to staffing needs. No adjustments have been made for planned freeway construction or for expected increases in ADT.

The graph below illustrates the statewide deficit of Highway Patrol officer positions over the last five fiscal years. Additional authorized positions provided in FY 2002 and FY 2003 helped reduce the staffing deficit, but it is on an upward trend again. The Highway Patrol's current authorized strength equates to 81% of minimum staffing levels, or a deficit of 156 officers. This deficit is understated because it does not include the many positions that the Patrol must hold vacant to make budget (see the Fuel Budget Deficit and the Aviation and Mainframe Computer Inflation decision packages).



If approved, the Department intends to deploy the funded positions as shown in the following table.

| Positions | Location |
|------------------------|-----------------------------------|
| 14 Motorcycle Officers | Phoenix Metro. Area |
| 7 Patrol Officers | Pima County |
| 7 Patrol Officers | Pinal County |
| 5 Canine Officers | Statewide |
| 2 Transport Officers | Phoenix Metro. Area |
| 4 Sergeants | Pima, Pinal, Phoenix Metro. |
| 2 Detectives | Vehicular Crimes Unit (Statewide) |
| 6 Support Positions | Statewide |

The deployment of particular officer positions is designed to address some of the largest staffing deficits in appropriate ways. For instance, motorcycle officer

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positions are appropriate for the congested Phoenix area for at least three reasons: 1) the start-up cost for a "motor" officer is about \$15,000 less compared to a car-based officer, 2) motorcycles consume less fuel, which is attractive in light of current fuel prices, and 3) motorcycles are more nimble and can get to places that cars cannot.

The support positions (to include sergeants, detectives, and administrative positions) are vital to a well functioning Highway Patrol. Without supervisory and administrative support, Highway Patrol officers must spend more time on administrative tasks and their safety may suffer due to inadequate vehicle maintenance or radio communications. Without investigative support from detectives, cases may not be resolved, resulting in a lack of justice for victims.

Replacement Highway Patrol Vehicles – Based on annual mileage of 20,000 per vehicle, there will be a need to replace 196 Highway Patrol vehicles (each with over 100,000 miles) by the end of FY 2007. The total cost for replacement vehicles is estimated to be \$7,242,200, or \$424,200 more than the FY 2006 appropriation of \$6,800,000. The per vehicle cost (including build-up, extended warranty, and fire suppression system costs) is estimated to be \$36,950. Vehicles are normally delivered to the Department at the end of the fiscal year and are fully deployed early in the next fiscal year after build-up (e.g., radio and light bar installation) has been completed.

Replacement Helicopters – The Department's fleet of five helicopters is utilized for air rescues, emergency medical evacuations, and law enforcement operations and includes one, aging Bell 206L Long Ranger aircraft. This helicopter is 21 years old and has 10,900 total flight hours. The industry standard for replacing this type of aircraft is 10 years or 10,000 flight hours.

Total flight hours on Department helicopters increase at an average rate of 700 hours per year, per aircraft. As the age and total flight hours of these aircraft increase, direct operating costs and maintenance down time also increase. This results in a decrease in service availability.

In its performance audit of the DPS Aviation Section (Report No. 00-7, June, 2000), the Office of the Auditor General found that the Department's remaining Bell 206L Long Ranger helicopters were inadequate to fulfill the mandated mission. The audit recommended the purchase of newer, more powerful aircraft.

For FY 2005, the State provided \$764,900 for the first year of a three-year lease-purchase to replace the then oldest helicopter in the fleet with a new Bell 407. The last payment on this helicopter will be made in FY 2007. Additionally, in FY 2006 the Department will complete the lease-purchase payments on another replacement helicopter acquired in FY 2004. The Department is requesting a total of \$1,541,900 in FY 2007 to continue the lease-purchase of the helicopter acquired in FY 2005 and to begin a new lease-purchase to replace the 5th and final Bell 206L over a three-year period. The annual payment for the new lease-purchase is estimated to be \$777,000.

Aviation and Mainframe Computer Cost Inflation – The DPS Aviation Section performs emergency medical evacuations, search and rescue missions, law enforcement operations, and other air support functions. As with motor vehicle fuel, the cost of aviation fuel has increased significantly. Last year, the Department absorbed a \$110,000 deficit in aviation fuel costs. Other aviation costs have also increased significantly. The Aviation Section incurred shortfalls of \$121,600 for aircraft maintenance and \$202,000 for pilot training (including \$14,000 in related travel costs) in FY 2006.

The cost of software licensing and hardware maintenance for the Department's mainframe computer system has increased at a rapid rate. In FY 2004, DPS faced a \$331,300 deficit in its mainframe computer budget. The mainframe system supports more than 100 applications that are used by law enforcement agencies statewide. These applications include those that constitute the Arizona Criminal Justice Information System (ACJIS) and management and information systems for DPS.

DPS requests an increase of \$764,900 in FY 2007 to cover these essential operating costs. Without these increases, DPS will have to continue to divert funding from elsewhere.

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Identity Theft Squad – Identity theft is a serious crime, which adversely impacts our citizens, financial institutions and other businesses. Arizona has the dubious distinction of having the highest per capita rate of identity theft in the Nation. It presents significant challenges to criminal justice agencies and results in significant disruption in peoples' lives. Identity theft often has a devastating, long term effect on victims, compromises our financial institutions and has a negative impact on business.

This criminal activity typically produces multiple victims, often in multiple jurisdictions. The perpetrators often operate from other jurisdictions and the proceeds of the crime may go to yet another jurisdiction. This complicates the reporting, investigation and prosecution of identity theft, and associated criminal activity.

The Department requests \$1,083,000 to fill 8 existing (but unfunded) FTE Positions for a dedicated squad of officers and research analysts to focus on this criminal activity.

Domestic Terrorism Squad/ACTIC Costs – In the wake of the September 11, 2001 terrorist attacks against the United States, the Department and other law enforcement agencies diverted significant resources from their previous assignments to domestic security issues. Arizona had several links to the September 11th attacks and faces ongoing risks associated with the state's large urban centers, its proximity to an international border, and a history of significant organized crime activity.

In FY 2005, DPS opened the Arizona Counter Terrorism Information Center (ACTIC) to combat threats to domestic security. The center is staffed by personnel from DPS and many other federal, state, and local agencies in an effort to improve the sharing of intelligence information. In order to take full advantage of the synergies created by ACTIC, the Department requests \$1,918,600 to fill 12 existing (but unfunded) FTE Positions to provide a dedicated squad of detectives and analysts to follow-up on intelligence leads produced by ACTIC.

Where permitted, federal grant monies are being utilized to pay the lease and operating costs of the facility, but \$500,000 of the requested amount is for projected utility and maintenance costs not eligible for federal funding.

AZAFIS Upgrade – The Arizona Automated Fingerprint Identification System (AZAFIS) must be upgraded due to approaching obsolescence. The current operating system was purchased in 1994. This upgrade would include improved tenprint speed and accuracy, palm print matching capabilities, and 2-finger rapid identification, among other features.

Current technology, hardware and software, will soon become obsolete rendering the programming unsupportable by the contractor. This will cause delays in processing Arrest, Applicant, Sex Offender, Department of Corrections, Juvenile and Deceased fingerprint records. The current operating system will soon no longer be modified by the contractor.

The purchase price of the new system is estimated to be \$6,005,400. The Department requests \$1,387,100 in FY 2007 for the first of five annual lease-purchase payments. After deducting \$579,300 in one-time equipment funding for FY 2006, the net increase to the AZAFIS appropriation would be \$807,800. The project would be funded from the dedicated Automated Fingerprint Identification Fund.

Overtime – The Department's overtime budget has been eroded as new positions have been added and salaries have been increased without a corresponding increase in overtime funding. The use of overtime is a cost effective method of increasing staffing because fixed costs are avoided. It is also an effective approach to meet staffing needs when hiring new employees is difficult.

In FY 2002 and FY 2003, the Legislature increased the Highway Patrol's overtime budget to an amount equal to 4.8% of its salary and benefits base. This target figure came from a study completed by KPMG Peat Marwick that showed the average overtime budget for six large Arizona law enforcement agencies (Mesa, Scottsdale, Phoenix, Tempe, Tucson, and Chandler) equaled 4.8% of their payroll base. In order to achieve this target now, DPS would require \$1,677,700. The following chart shows how the Department would distribute this funding.

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Distribution of Requested Overtime Funding

| Program | Personal Services | ERE | Total |
|------------------|-------------------|----------------|------------------|
| Highway Patrol | \$555,200 | \$166,600 | \$721,800 |
| Criminal Invest. | 152,500 | 45,800 | 198,300 |
| Agency Support | 195,700 | 37,500 | 233,200 |
| Sci. Analysis | 431,700 | 82,700 | 514,400 |
| TOTALS | 1,335,100 | 332,600 | 1,667,700 |

Annualize Cost of GITEM Expansion – Laws 2005, Chapter 307 appropriated \$3,897,000 in FY 2006 to expand the Department's Gang Intelligence and Team Enforcement Mission (GITEM) task force. The bill states the funding is to be used to foster interagency cooperation and that participating agencies must provide a 25% match. The FY 2006 appropriation is non-lapsing.

DPS is in the process of negotiating interagency agreements to bring other agency personnel onto the task force, but it appears we will spend approximately \$3.3 million of the expanded funding this fiscal year, leaving around \$600,000 to carryover into FY 2007. If the appropriation is maintained at its current level, we would have approximately \$4.5 million in FY 2007. This appears to be enough to support the expanded program. We will inform the Executive and Legislative budget offices of any change to these expenditure plans.

Recruiting Costs/Staff – DPS has one officer dedicated to recruiting. This commitment of resources is far below that of our competitors. In order to increase our ability to compete for new officer recruits, the Department requests \$303,900 and 1 FTE Position. The position would be filled by an officer who would attend recruiting events and answer questions from potential applicants. Of the funding, \$150,000 would be used for increased advertising, travel, and testing to raise the profile of DPS. In FY 2005, and again this year, the Department has allocated funding for this purpose. We have begun to see positive effects from these efforts but we need to keep up the momentum and eventually use the current funding to fill positions rather than recruit.

Crime Lab Equipment – The Scientific Analysis Bureau has well over \$3,000,000 in sophisticated equipment used to analyze all types of cases from

toxicology to DNA to materials analysis such as paint and fibers. In today's rapidly changing technological environment, this equipment quickly becomes obsolete with repair parts unavailable. The manufacturers of these sophisticated instruments estimate the number of repair parts that will be needed for five years and stock this amount before retooling for the next advanced equipment model. In order to maintain reliable instruments, a five-year schedule for replacement should be maintained – costing approximately \$600,000 per year.

The Department requests a continuation of the current funding level of \$566,900.

Mobile Data Computers – In FY 2003 through FY 2006, the Legislature appropriated \$1,194,000 on an annual basis (\$597,000 from HURF and \$597,000 from the State Highway Fund) and 2 FTE Positions to replace the Department's Mobile Data Terminal (MDT) system with a modern mobile data computer (MDC) system. The MDC system allows officers to access criminal justice information in their vehicles.

As originally planned, the MDT system will be fully replaced in FY 2006 with 220 MDCs. In addition to the 220 MDCs funded by the State, DPS has acquired grant funding for an additional 130 units. In total, the 350 units will provide one MDC for all but 29 marked units in the Tucson-Phoenix corridor.

For FY 2007, the Department requests a reduction in MDC funding to a level of \$854,600. This funding would pay for the 2 FTE Positions to maintain the system (\$117,400), 29 additional MDCs to equip all marked units in the existing coverage area (\$271,300), the addition of Microsoft software to each unit (\$107,300), and on-going maintenance for system software, hardware, and radios (\$358,600).

DPS intends to use a significant portion of the monies provided by Laws 2005, Chapter 307 to purchase additional MDCs (see Safety Equipment budget issue).

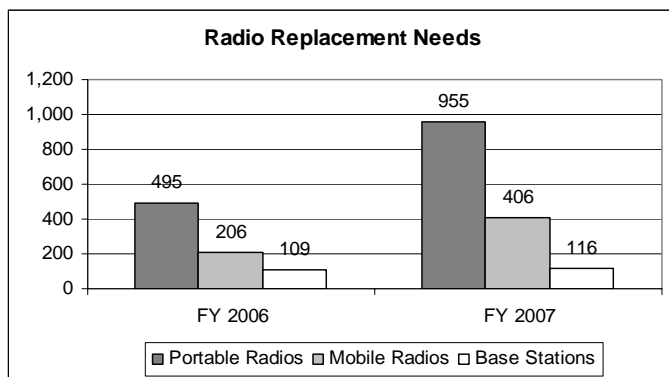
Replacement Radios and Infrastructure – The cost to replace currently out-dated radio equipment and infrastructure greatly exceeds the \$667,300 per year being

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requested; however, we are limited by the availability of monies and competing priorities.

The radio replacement program is based on a useful life of 7 years for a portable (hand-held) radio, 10 years for a mobile (in-car) radio, and 15 years for a base station (tower broadcast device). Other equipment (e.g., generators, towers, equipment sheds, test equipment, utility vehicles, and wiring) is replaced on an as needed basis. Through FY 2007, the estimated cost of replacing just portable radios (\$2,099 each), mobile radios (\$2,023 each), and base stations (\$15,000 each) is \$4,565,900.



ACJIS Conversion – The Arizona Criminal Justice Information System (ACJIS) allows for real time information exchange among criminal justice agencies in Arizona, other states, and the National Crime Information center, operated by the FBI. With an appropriation of \$1.2 million in FY 2005, DPS converted ACJIS to digital technology. The FY 2006 budget preserves \$554,000 of this funding. For FY 2007, DPS requests a continuation of this funding to pay for telecommunications, maintenance, and licensing costs of the new system.

Disaster Recovery – DPS operates one of the State's three mainframe computer data centers. We are working with the Department of Administration and the Department of Economic Security, who host the other data centers, to develop a backup system for all of the State's most critical data in the event a disaster forces one of the data centers to shut down. For FY 2007, the Department requests the FY 2006 funding level of \$296,600 to continue this project.

Annualize FY 2006 Patrol Positions – This issue eliminates the \$1,644,800 in one-time funding associated with 28 sworn positions funded in FY 2006.

Federal Funds Expenditure Adjustments – This is a technical request to adjust non-appropriated expenditures from the Federal Grant Fund downward to conform to projections for decreasing revenues.

GOHS Expenditure Adjustments – This is a technical request to adjust non-appropriated expenditures from a number of Governor's Office of Highway Safety administered funds to conform to changing revenue projections.

CJEF Pass-Thru Reduction -- This is a technical request to adjust non-appropriated expenditures from the Criminal Justice Enhancement Fund downwards to conform to a decrease in the availability of funds.

IGA/ISA Expenditure Adjustments – This is a technical request to adjust non-appropriated expenditures from the IGA and ISA Fund upwards to conform to projections for increasing revenues.

Crime Lab Equipment Fund Shift – This is a technical issue that shifts the request for \$566,900 in crime lab replacement equipment from the Highway Patrol Fund to the Crime Lab Assessment Fund due to inadequate revenues in the former.

GOHS State Highway Fund Increase – The Governor's Office of Highway Safety requests the increase of the State Highway Fund allotment to \$460,000 per annum, on a non-lapsing basis.

As a result of the expansion of the Governor's Office of Highway Safety (GOHS) office personnel and physical space, and in conjunction with the findings of the recent NHTSA Management Review, State FY2006 Planning and Administration (P&A) costs for Personnel Services (PS) and Employee Related Expenditures (ERE) for the 2 Fiscal positions and the Phoenix and Tucson Offices Lease Expenses have had to be reprogrammed to the 163 BAC 2003 and 163 BAC 2004 Federal Grants. There are no "hard" Arizona State Match (see next paragraph) requirements for these funds. Unfortunately, the current

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funding level for 163 BACC 2005 will not support these expenses. The continued funding for the 163 BAC program, at any certain level in future years, cannot be determined and cannot be relied upon to support the fixed P& A expenditure of GOHS. Using 163 BAC program funds at this time is a stop gap measure to provide sufficient funding for GOHS operations through FY2006.

The Federal 402 Highway Safety Plan (HSP) P&A budget for FY2007 and FY 2008 has been projected at \$255,000. This represents 10% of the total HSP funds for each fiscal year, which is the maximum allowable P&A under the HSP Program guidelines. The total HSP funds for each of these 2 fiscal years has been projected to be an award amount of \$2,550,000, and is based on the funding level received by Arizona over the past several years. The \$255,000 represents the Federal share (76.22%) of P&A expenditures totaling \$334,558. The "hard" Arizona State Match (23.78%) of the P&A expenditures of \$334,558 is \$79,558. This amount is reflected in the budgeted expenditures for FY2007 and FY2008 on the State Highway Fund 2500 (SHF) recap sheet. The "hard" State Match requirement dictates that for every \$100.00 in P&A expenditures, 76.22% or \$76.22 is eligible for Federal reimbursement while the remaining 23.78% or \$23.78 must be paid with State of Arizona funds. The SHF funding represents the only State of Arizona monies available to GOHS to meet its continuing obligations.

The SHF Fund appropriation was established for and is currently intended to fund 4 FTE positions, the State Match requirement and Other Operating Expenditures of GOHS. The SHF budget for FY2007 and FY2008 funds the PS & ERE for the Director, Deputy Director, Fiscal Manager and Fiscal Specialist, the State Match requirement and the Tucson Office lease expense. The Phoenix Office lease expense is included in the HSP P&A budget.